

**MINUTES OF MEETING OF BOARD OF DIRECTORS OF
NORTH AUSTIN MUNICIPAL UTILITY DISTRICT NO. 1**

November 16, 2016

THE STATE OF TEXAS §
 §
COUNTIES OF TRAVIS §
 AND WILLIAMSON §

A regular meeting of the Board of Directors of North Austin Municipal Utility District No. 1, open to the public, was held on November 16, 2016, at the Rattan Creek Community Center, 7617 Elkhorn Mountain Trail, Austin, Texas, pursuant to notice duly given in accordance with law. A copy of the Certificate of Posting of said Notice is attached hereto as **Exhibit "A"**.

The roll was called of the members of the Board, to-wit:

Alan McNeil	-	President
Donald G. Conklin	-	Vice President
Jo Jones	-	Secretary
Keith Collins	-	Treasurer
Kim Green	-	Assistant Secretary/Treasurer

and all of said Directors were present, thus constituting a quorum. Also in attendance at the meeting were Alan Douthitt with Bott & Douthitt, P.L.L.C.; Bill Burke and Marc Marroquin with Clearwater Management; Richard Fadal with TexaScapes, Inc.; William Abshire with Crossroads Utility Services; Kevin Flahive with Armbrust & Brown, PLLC; Will Washington, President of the Rattan Creek Neighborhood Association; Greg Cooper, Troy Nedderman, Dwight Bailey and Danny Miller on behalf of Continental Properties; Andy McDowell with Able Restoration Services; and Rachel Beaulieu, Meredith Knight, Andy Sork and Blair Lapwing, residents of the District.

Director McNeil called the meeting to order at 6:00 p.m. and stated that the Board would first receive citizen communications. There being no citizens desiring to address the Board, Director McNeil stated that the Board would discuss and consider taking any necessary action regarding the Springs at Lakeline development, including Continental Properties' request for an exemption from City of Austin Ordinance 20160623-099 relating to residential water heaters. Mr. Cooper provided a handout to the Board, attached as **Exhibit "B"**, relating to the developer's request. He reviewed the contents of his handout with the Board, describing the developer's history in the industry and the course of events that led to the request before the Board. Mr. Cooper pointed out that the 2013 amendment to the City of Austin's Plumbing Code that requires that gas water heaters be installed in projects on tracts served by gas utility service was removed from the plumbing code and incorporated into the City of Austin's Energy Code effective September 1, 2016. After discussion, the Board asked Mr. Flahive for his thoughts on the request. He stated that he would need to look into the developer's assertion relating to removal of the requirement from the City of Austin's Plumbing Code, but, if correct, then pursuant to the "North Austin Municipal Utility District No. 1 Rules Governing Water and Wastewater Services" effective March 21, 2007, which, among other things, adopted the City of Austin Plumbing Code, as amended, for enforcement within the boundaries of the District, the requirement would no longer be applicable within the District. Mr. Flahive stated that, if, however, the requirement remains within the City of Austin's Plumbing Code, then the Board

might consider taking an action similar to its handling of the request for relief by Alliance Residential Company in January 2015, when the Board approved the variance conditioned on, among other things, the developer's delivery of a letter from a City of Austin Assistant City Manager Robert Goode, who oversees Austin Water Utility, stating that the City of Austin had no issues with the District's grant of the variance and did not consider the action to be in violation of the "Agreement Concerning Creation and Operation of North Austin Municipal Utility District No. 1" between Milwood Joint Venture, Robinson Ranch, Austin White Lime Company, the City of Austin and the District, as amended. After further discussion with Mr. Cooper and Mr. Flahive, the Board directed Mr. Flahive to add an item to the November 22 agenda for possible action by the Board if Mr. Flahive and the District's engineer, David Malish, were able to deliver a recommendation to the Board at that time.

Director McNeil then stated that Mr. Lapwing desired to address the Board and recognized Mr. Lapwing. Mr. Lapwing stated that burglaries of mail kiosks within the District had continued to occur, with one such burglary to the mail kiosk on New Boston Bend approximately three weeks ago. He asked about the status of the District's investigation of adding security lighting as a deterrent. Director Green stated that the Board had been advised by Captain Mike Gleason that most of the reported burglaries had been occurring during the daytime. Mr. Lapwing stated that the burglary of the mail kiosk on his street had occurred at night. Director McNeil stated that the District's operator had determined that installation of a light at the mail kiosk on New Boston Bend was not feasible. Director Collins stated that funds for the installation of lighting remained in the District's budget, but the locations of any such lighting would depend on securing the right to use right-of-way and obtaining electrical utility service to the lighting. Director Conklin stated that it might be appropriate to use the mail kiosk on New Boston Bend as test case to further investigate the feasibility and cost of installing lighting at that location. Director McNeil stated that he agreed, but wanted to ensure that the District's actions were appropriate and within the scope of its authority. Director Conklin stated that he wanted to explore the matter further and would be willing to serve on a committee for that purpose. Director Green stated that the Board was aware of the issue and would continue to work on it.

Director McNeil then recognized Mr. Washington to provide a report from the Rattan Creek Neighborhood Association. Mr. Washington stated that Caroling in the Park would occur on December 18. Director Green asked if there was consensus on the Board to hold only one meeting in December, on December 19, at 6:00 p.m. in the Community Center, so that Mr. Washington could post the meeting date and time on the association's website. After discussion, the Board determined that the meeting would be held on that date and at that time and location. Director Jones asked Mr. Flahive to direct Mark Maxwell to post notice of the meeting on the District's website.

The Board next considered approval of the October 17, October 18 and October 19 meeting minutes. Upon motion by Director Collins and second by Director Green, the Board voted unanimously to approve the October 17 minutes, as presented. Upon motion by Director Collins and second by Director Green, the Board voted unanimously to approve the October 18 minutes, as presented. Upon motion by Director Collins and second by Director Jones, the Board voted unanimously to approve the October 19 minutes, as presented.

Director McNeil then stated that the Board would receive the park and landscape report. Mr. Fadal referred the Board to his report, attached as **Exhibit "C"**. He reviewed his report with the Board, stating that he would do an additional heavy top soil treatment to the ball fields at no cost to the District. He stated that the Rattan Creek Park water well was not operational

and he would use two water wagons to water landscaping where most needed. Mr. Fadal also reviewed with the Board his Proposal 9030, attached as **Exhibit "D"**, for winter color, as budgeted. Upon motion by Director McNeil and second by Director Jones, the Board voted unanimously to approve the proposal.

Director McNeil then stated that the Board would receive the pool and community center report. Mr. Marroquin handed out his report, attached as **Exhibit "E"**, and reviewed his report with the Board. Director Green asked if use of the pool by the St. Dominic's swim team was in line with the time periods set out in the team's agreement with the District. Mr. Marroquin responded that the use of the pool was as agreed to. He then discussed with the Board an anticipated proposal to install humidity controlled thermostats for the HVAC system serving the Community Center to address the humidity problem. After discussion, the Board elected to first try use of a dehumidifier in the kitchen to see if it adequately addressed the problem. Director Green then addressed an application by Katie's Snacks for use of the kitchen to cook packaged food for a period of 4 hours each Monday beginning in January at a discounted rate of \$15/hour, instead of the standard rate of \$25/hour. She explained that the for-profit venture, owned by residents of the District, employed their special needs child and other individuals with special needs. The Board discussed use of the Community Center by for-profit ventures, which had been allowed in some cases. The Board discussed concerns about whether the kitchen, which was not a commercial kitchen, would be deemed suitable for such use by the Williamson County and Cities Health Department. The Board also discussed concerns regarding liability and appropriate insurance coverages for such commercial use of the kitchen. Lastly, the Board discussed the intent of designing the kitchen as a non-commercial kitchen to serve as an accessory to the other spaces within the Community Center and whether it was appropriate to rent out the kitchen as a stand-alone space. Director Green stated that she understood that concerns needed to be addressed, but she desired to help these residents of the District if the Board's concerns could be addressed. Mr. Marroquin then discussed replacement of the four light bulbs in the pool, explaining his research findings relating to use of white or colored LED lights and the associated costs. After discussion, the Board directed Mr. Marroquin to obtain white LED lights and have them installed by a subcontractor of his choosing pursuant to his agreement with the District.

The Board next received the general manager's report. Mr. Abshire referred the Board to his report, attached as **Exhibit "F"**, and discussed with the Board the failure of the Rattan Creek Park water well used to irrigate the park. He stated that it needed to be pulled and repaired. The Board discussed the \$28,000 cost the last time the well failed. Director Collins directed Mr. Abshire to be present when the well was pulled, and to have Mr. Malish there as well, to inspect the well for themselves in an effort to determine the cause of the failure. The Board directed Mr. Flahive to add an item to the November 22 agenda to consider approval of a proposal for repair of the water well. Upon motion by Director Collins and second by Director Green, the Board voted unanimously to approve the write-offs, as proposed. Mr. Abshire then discussed with the Board Gary Spoons' resignation from Crossroads Utility Services earlier in the day and explained that he and Andrew Hunt, together, would take over management of the District until a hire was made. Director McNeil asked Mr. Abshire to attend, or have Mr. Hunt attend, the November 22 meeting to speak to their plan of action moving forward. Director Green then asked the other Board members if the Board should entertain proposals from other district management companies. The Board elected to look into the matter and directed Mr. Flahive to distribute copies of the District's current agreement with Crossroads Utility Services, as amended, for review prior to the November 22 meeting.

Director McNeil stated the Board would next receive the bookkeeper's report. Mr. Douthitt distributed an accounting of engineering costs incurred in relation to the District's bond projects, as requested at the November 14 meeting. He then stated that the only item for the Board's approval was the legal fee invoices from Armbrust & Brown, PLLC, which were not approved with the other invoices at the November 14 meeting. Director Green then addressed the invoices with Mr. Flahive, asking about entries that included both bond projects and non-bond projects. Mr. Flahive stated that the bond project-related entries should be distinct from the non-bond project-related entries and that he would ensure that was the case moving forward. Director Green then confirmed with Mr. Flahive that the entries under the "special projects" matter were paid by the applicants requesting District approvals. Mr. Flahive confirmed that was the case, and stated that he communicated with Bott & Douthitt, P.L.L.C. frequently to ensure that entries were appropriately characterized and paid. Director Green then reviewed with Mr. Flahive and the other Board members a series of entries relating to an open records request on October 27 and asked why approximately \$1,750 in fees were incurred for the request. Mr. Flahive explained the course of events with the requestor and assertions made by the requestor about the appropriate process to be followed in providing the requested information. He stated that approximately one-half of the fee was due to matters raised by the requestor that were unrelated to the firm's processing of the request pursuant to the process prescribed by the Texas Public Information Act. After discussion and upon motion by Director Green and second by Director Jones, the Board voted unanimously to approve payment of the invoices as proposed.

There being no report from the District's engineer or discussion of bond projects, Director McNeil asked Mr. Flahive if he had any action items for the Board relating to the restrictive covenants report. Mr. Flahive stated that his office was addressing three properties at the time and if they remained unresolved by the December 19 meeting, he may have action items for the Board to consider. The Board then discussed their confusion relating to the content in Sage Management's report and Director Jones discussed her email correspondence with Sage Management relating to a restrictive covenant violation complaint. The Board directed Mr. Flahive to add an item to the November 22 agenda to discuss the scope of services rendered by Sage Management to the District and to ask Diana and/or Jim Sagnes to attend the meeting.

There being no future annexation, limited district conversion, and other City of Austin related issues to discuss, Director McNeil then addressed Mr. Flahive to provide his report. Mr. Flahive referred the Board to the Warranty Deed from Continental Homes of Texas, L.P. for the conveyance of Lot 60, Block F, Milwood Section 22 to the District, attached as **Exhibit "G"**. He stated that he was contacted by the builder upon the builder's internal audit indicating that it owned the lot, which was platted in 1983 and contains a detention pond purchased by the District in 1993. He stated that the District had been maintaining the lot since the mid-1980s and should have taken title to it many years ago. The Board then discussed with Mr. Fadal the condition of the pond within the lot. He stated that there were some minor erosion issues, which had been noted by the Parks & Greenbelt Committee. Mr. Fadal recommended that the committee visit the pond during its next District tour. Upon motion by Director Collins and second by Director Jones, the board voted unanimously to approve the Warranty Deed and accept conveyance of the lot. Mr. Flahive then discussed with the Board the direction requested by Mr. Malish with respect to re-advertising the Booster Station Enclosure and Robinson Park Bathroom projects, as no bids were received in response to the initial advertising. Mr. Flahive discussed the bidding requirements of Chapter 49 of the Texas Water Code in light of the cost of the projects and his recommendation that the Board re-advertise. After discussion, the Board directed Mr. Flahive to advise Mr. Malish of its directive to re-advertise the projects, providing bidders with 30 days to submit bids for the projects.

There being no other matters to come before the Board, upon motion by Director Green and second by Director Collins, the Board voted unanimously to adjourn at 8:19 p.m.

(SEAL)



Date: December 16, 2016

Jo R Jones
Jo Jones, Secretary
Board of Directors